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THE AMERICAN COLONIAL POLICY AND THE TARIFF.

WHEN the Republican party definitely adopted the so-called imperialistic policy the downfall of the protective tariff system was freely predicted. This prediction was based upon the apparently fundamental incongruity of the two policies. It was pointed out that imperialism rested, economically, upon an assumed necessity for broader foreign markets and that it demanded aggressive government action in order to prevent the exclusion of American products from foreign markets by unfair discrimination. It was argued, therefore, that imperialism cut the ground from beneath the protective policy by implying that the time had come when our producers could not only control the home market, but were capable, if accorded equal opportunities, of competing successfully with their strongest rivals in the neutral markets of the world. This conceded, it seemed impossible that the two policies could be concurrently maintained by a single political organization.

Four years have passed, however, since the adoption of the imperialistic policy, and the Republican party is still in power as the exponent of both imperialism and protection. Such a remarkable result calls for explanation. Casting about for a clue, one is immediately made aware of the fact that this situation, peculiar as it seems, is not by any means unique. Indeed, it is quite typical of continental Europe, where for more than twenty years the protective policy seems to have strengthened with the growth of imperialism. At once, then, it is proved that these contradictory doctrines are not of a necessity mutually destructive in practice; that a way has been found abroad to reconcile their incongruities. These facts throw a flood of light on our own political situation and lead to the hypothesis that the past four years have exhibited, not, as so generally assumed, a struggle for supremacy between imperialism and protection, but their progressive reconciliation.

In order to gauge the effect of imperialism it is well to get a clear idea of the tariff situation just before the adoption of a colonial policy. Proceeding thus it is to be noted that the period in question is characterized by a strong and apparently general tariff-reform sentiment within the Republican party. This sentiment expressed itself chiefly in a demand for reciprocity. The reciprocity demand attained great strength as early as 1896, and for three years fairly dominated the tariff policy of the party. In 1896 a House Committee on Reciprocity and Commercial Treaties found the business-men of the country overwhelmingly in favor of adopting reciprocity as a permanent feature of our tariff legislation. The extraordinary unanimity of this sentiment was indicated by the replies to circulars sent out by this committee. Of 52 replies from commercial and industrial associations, including boards of trade, chambers of commerce, merchants exchanges, etc., 51 advocated the reciprocity idea, and of more than 250 replies from manufacturers and merchants in all kinds of business and scattered throughout the country, only 15 opposed it.¹ Following this lead the Republican party in the campaign of 1896 was pledged to the reciprocity policy, and this pledge was redeemed in 1897 by the enactment of the Dingley law which authorized reciprocity arrangements much more comprehensive and liberal than any previously contemplated.²

That this was not a merely formal compliance with popular demand is proved by the appointment in October, 1897, of Hon. John A. Kasson as special minister plenipotentiary to negotiate reciprocity treaties, and by the fact that reciprocity arrange-

¹ Fifty-fourth Congress, first session; *Report* of a subcommittee of the Committee on Ways and Means concerning reciprocity and commercial treaties, pp. 145-89 293-545.

² Sec. 5 provided for reciprocity of a character somewhat similar to that of the Dingley bill. Sec. 3 authorized the president to enter into negotiations with any country exporting to the United States any of certain specified articles and, in return for reciprocal and equivalent concessions, to suspend by proclamation the existing duties on the specified products imported from the countries in question, substituting therefor duties of a lower rate. Sec. 4 authorized the president to negotiate treaties, of reciprocity which might provide during a specified period for a reduction of existing duties to the extent of not more than 20 per cent. on any article imported from any country.

ments were soon thereafter put into operation, by proclamation, with France, Portugal, Italy, and Germany; while no less than eleven reciprocity treaties were prepared for ratification by the Senate. If further proof were needed to demonstrate the predominance of the reciprocity movement within the Republican party at this time, it is furnished by the testimony of two members of the party well qualified to speak authoritatively. In January, 1898, at the third annual convention of the National Association of Manufacturers, Postmaster-General Charles Emory Smith, in the presence of President McKinley, declared the principles of reciprocity, rightly understood to be axiomatic—"the sure key joined to correlative measures with which to complete the pre-eminence of the Republic"¹ And some months later, in a calmer mood, Hon. John Ball Osborne, joint secretary of the reciprocity commission, wrote: "With the exception of the Monroe doctrine, there is no policy in the United States more popular in all sections than reciprocity."²

But the attitude toward reciprocity was not the only evidence of tariff-reform sentiment in the Republican party between the years 1896 and 1899. With the triumph of the party in 1896 a revision of the tariff was of course necessary in order that the party might follow a consistent policy. Still, though a tariff law was demanded which should meet a yearly deficiency in the public revenues approximating twenty-five millions of dollars, the revision of the schedules was undertaken in a distinctly conservative spirit. Notwithstanding the criticisms of the Dingley law as an extreme measure, the average rate it levied was considerably lower than that of the McKinley bill.³ The attitude of the party and party leaders was well expressed by Senator Aldrich, of the Finance Committee, during the debate on the bill when he said:

The majority of the committee believed that, if a thorough revision of our revenue laws is necessary, it should be carried out in a conservative spirit. . . . It was . . . thoroughly understood throughout the country in

¹ New York *Tribune*, January 28, 1898.

² "The Development of the Policy of Reciprocity," *Forum*, August, 1898, p. 683.

³ Fifty-fifth Congress, first session, Mr. Dingley in *Congressional Record*, p. 122.

the last political campaign that, if the Republican party should again be entrusted with power, no extreme tariff legislation would follow. . . . It was believed that in the changed condition of the country a return to the duties imposed by the act of 1890 would not be necessary even from a protective standpoint.¹

In the same conservative spirit the National Association of Manufacturers, in anticipation of the revision, expressed its opinion in a resolution, "that the rates of duty should be made as low as possible consistent with fair protection."² And the New York *Tribune* after the enactment of the law commended it as "strongly in line with enlightened and progressive protection, that such changes toward lower duties should take place whenever the demonstrated ability of home industries to resist competition in one branch after another warrants it."³ The frequent assertions during the next two years that the tariff was no longer necessary; the statement of President McKinley early in 1899 that "we have quit discussing the tariff and have turned our attention to getting trade wherever it can be found;" and the formal enunciation of the open-door policy, are further indications of the tariff-reform mood of the Republicans and show that this tendency continued strong down to the time of the adoption of the colonial policy.

Aside from this liberalizing tendency, however, there was no evidence of a change in the tariff situation. There was no shifting of the grounds upon which the tariff was advocated. If it was still deemed essential, it was for the protection of the home market. But the prevailing sentiment at the close of this period seemed to be that the tariff had performed its mission of establishing and fostering young industries; that the time had come to contemplate its reduction; and that its further usefulness was mainly as an instrument by means of which, through reciprocal concessions, foreign markets might be opened up to our growing surplus of production. Such, in the main, was the tariff situation when it became necessary to legislate for our new colonial possessions.

The attempt to frame a law for Porto Rico was the first sig-

¹ Fifty-fifth Congress, first session, Mr. Aldrich, *ibid.*, p. 1227.

² New York *Tribune*, December 9, 1896.

³ *Ibid.*, July 9, 1897.

nificant event in the imperialistic period. This attempt was signalized by a most pronounced change in the tariff situation. No sooner had President McKinley's message announced it to be our plain duty "to abolish all customs tariffs between the United States and Porto Rico and give her products free access to our markets," than the harmonious advance of opinion along liberal lines was suddenly checked. Almost at once the lobbies were filled and the committees besieged by representatives of the protected interests, unalterably opposed to the president's proposition. It was in vain that the Senate Committee on the Pacific islands and Porto Rico brought out unimpeachable evidence proving that the island was on the verge of ruin and that the United States had materially contributed to this result.¹ It was in vain that the best authority deemed free trade the only feasible means to the salvation of Porto Rican industries, and demonstrated that this remedy for the woes of the island could not appreciably injure any industry in the United States. The opposition was inflexible, and for a time its attack upon Congress seemed irresistible. The Republican leaders, who had hastened to initiate legislation in accordance with the president's views, became equally amenable to the commands of the protected interests.

But the ideas of the past three years were not to be thus easily overborne. The complacent party leaders soon found themselves squarely opposed by a formidable tariff-reform force

¹"During the period of hostilities, bandits and outlaws raided the island. . . . By the disturbance of trade conditions and by the war itself, commerce and social conditions were greatly disturbed. Laborers and proprietors were so terrified that industrial work was curtailed. . . . The currency of the island was discredited." Coupled with this social and economic disturbance came the loss of her markets, especially with Cuba and Spain, so that six months or a year after the American occupation the conditions on the island were much worse than before the troops had landed. Then came, on August 8, 1899, a fearful tornado. By this "the growing provision crops of half a million people were destroyed; the shelters of a quarter of a million were blown away; the roads were washed out and obstructed . . . twenty-seven hundred people were killed, besides many thousands of cattle;" and finally, "the coffee crop for 1899, worth, probably, 15,000,000 pesos, was practically blown out of existence."—Testimony of Governor-General George W. Davis before the Senate Committee on Pacific Islands and Porto Rico, Fifty-sixth Congress, first session, *Senate Document 147*.

backed by the moral sentiment of the country. In this dilemma, with no escape by economic argument, the question was raised into one of far-reaching constitutional significance. From the exclusionists came the cry that no concessions must be made to Porto Rico which should establish a binding precedent in our dealings with other and less civilized colonial possessions. Behind this cry was evidently an economic animus of portentous significance. But it served the purpose. Rallying about it the protected interests could not be defeated. Equally determined, however, were the liberal forces, and, supported by public sentiment and their political opponents, they presented a formidable front. Under these circumstances, compromise was the only salvation of the party. And though at last a compromise was won which did not in itself seriously belie the liberal movement of the past three years, the inevitable conflict which colonial possession had aroused had already effectually checked the movement toward tariff reform, and more than once had threatened to result in a law transforming the tariff from a protective measure into an instrument of colonial exploit.

No better proof of these statements can be found than the bare succession of events in Congress. First came the president's message in December, 1899, breathing a spirit at once liberal and benevolent, voicing apparently the sentiment of the party and the country. To this the response from both houses was prompt and compliant. In the Senate Mr. Foraker, chairman of the Committee on Pacific Islands and Porto Rico, introduced on the 3d of January a bill for the civil government of the islands granting free entry for its products into the United States. In the House, Mr. Payne, chairman of the Committee on Ways and Means, brought forward on the 19th a bill extending the laws of the United States relating to customs and internal revenue to Porto Rico. Then came a sudden change. On the 24th Mr. Platt, of the Senate committee, announced an amendment to the Senate bill which proposed the imposition of 80 per cent. of the Dingley rates on goods passing between Porto Rico and the United States. The committee accepted the principle of this amendment, and on the 5th of

February reported favorably a measure imposing 20 per cent. of the Dingley rates each way. Meanwhile the same influence had been working in the House. Here, on January 9, Mr. Payne, on behalf of the Ways and Means Committee, presented, as a substitute for the free-trade measure previously introduced by him, a bill following the lead of the Senate committee, but raising the duties to 25 per cent. of the Dingley rates.

Thus were the recommendations of the president violated by the party leaders in both houses. But the threatened conflict between the legislative and executive departments did not arise. It was suddenly announced, about the middle of February, that the president had changed his mind and would accept a tariff measure for the colonies. The House bill therefore became the party measure, and as such, amended in concession to the liberal and benevolent elements¹ but unchanged in principle, it passed the House on the last day of February.

On the first day of March the House bill was laid before the Senate and referred to the Committee on Pacific Islands and Porto Rico. Without leaving the chamber, this committee reported favorably on the bill, accepting its main tariff provisions and incorporating them into a general scheme for the civil government of the island. Then ensued one of the most bitter legislative struggles of recent years. The exponents of the protective interests were firm in their refusal to yield the markets of the United States to the products of Porto Rico. The representatives of the exporting interests were equally determined to secure the markets of Porto Rico for the products of the United States. Between these warring factions the great mass of the party stood bewildered, the protectionists playing into the hands of the one faction, the liberals, from principle or sentiment, into the hands of the other.

Soon the logical outcome of such a situation began to appear. On March 7 it was stated that the Senate was about to accept an amendment to the tariff proposition which would allow the breadstuffs of the United States to enter Porto Rico free of duty. This was expected to purchase the support of the North-

¹ The duties each way were reduced to 15 per cent. of the Dingley rates.

west.¹ On the 12th it was found that there was a pretty strong sentiment in favor of the free admission of cotton cloths, along with breadstuffs, and there seemed every probability that the bill would be thus amended.² The next day the *Washington Post* reported :

The present outlook is that the Foraker bill for the civil government of Porto Rico will pass the Senate with its tariff provisions modified so as to admit *American products* into the island free of duty, while retaining the 15 per cent. of the Dingley tariff rates imposed by the House bill upon all Porto Rican products imported into the United States.³

This compromise Senator Foraker was reported willing to accept.⁴ Its significance was of course perfectly apparent. It was a plan for colonial exploit pure and simple. Taken in connection with the proposed extension of our navigation laws to Porto Rico and the exclusion of foreign goods by the erection of the Dingley tariff about the island, it revived the eighteenth century method of enriching the home producer, merchant, and carrier at the expense of a colonial possession. To be sure, all this was offered the colony sugar-coated. Her representatives were told that we had only the best interests of her people at heart; that we desired merely to establish a precedent for dealing with the half-civilized tribes of the Orient; and the cloak of philanthropy was wrapped about the whole transaction by the proposition to refund all the duties collected on Porto Rican goods for the maintenance of the insular government and the improvement of insular conditions. Fortunately the survival of the liberal sentiment, consistency, and the sense of common justice prevailed against this proposition. After nearly a month it was definitely defeated, and the legislation which finally resulted merely *asserted* the principle that Congress had power to legislate at will for the new insular possessions. But the reconciliation of imperialism and the tariff had been foreshadowed.

The spirit of the Porto Rican debate furnished no sharper contrast with the immediate past than the complete overthrow of

¹ *Washington Post*, March 7, 1900.

³ *Ibid.*, March 13, 1900.

² *Ibid.*, March 12, 1900.

⁴ *Ibid.*, March 14, 1900.

the reciprocity movement which followed soon after the initiation of the colonial policy. Concurrently with the Porto Rican struggle a great opposition developed to the treaties negotiated by Commissioner Kasson. These treaties had been presented to the Senate early in December, 1899, under apparently favorable circumstances. Immediately after the holidays, however, it became apparent that a determined effort would be made to prevent their ratification. The administration, honestly committed to the reciprocity cause, urged forward the French treaty as a test case, and it was about this incident that the battle raged.

The onslaught of the lobby was immediate and vigorous. The extraordinary unanimity of sentiment which the committee on reciprocity had found in 1896 was again illustrated. But it was unanimity of another sort. Hardly one of the sixty-nine articles or classes of articles on which reductions were proposed by the treaty but found protesting champions. Nor was this opposition roused for the sole purpose of defeating this special manifestation of the reciprocity principle. It had also in mind the overthrow of the general reciprocity policy. This is shown by the fact that the opponents of this treaty sought to make common cause with the interests specially opposed to free trade with Porto Rico; for it was evident that, once an import tax were levied against Porto Rican products, concessions to other West Indian islands would have the appearance of unfair discrimination against our own colony.

In the Senate itself the anti-reciprocity campaign was astutely conducted, and was surprisingly successful. In anticipation of a favorable report of the treaties by the Senate Committee on Foreign Relations, a combination of their opponents among the senators was formed with a definite program which contemplated the immediate reference of the treaties to the hostile Committee on Finance. This combination proved effective. Early in March it became evident that nothing could be done against it. The administration, therefore, discreetly withdrew from the contest, and for two years the report of the treaties by a committee favorable to them was prevented. Thus the general reciprocity movement was defeated in Congress

"The treaties died without discussion in the Senate in open or executive session."¹

The defeat of the reciprocity treaties in Congress, however, was but one step toward the complete overthrow of the general reciprocity policy. The action of the Senate still lacked the sanction of the party. Realizing this, President McKinley quietly secured the extension of the time allowed for the ratification of the treaties and continued boldly to advocate the principle which they represented. In his letter of acceptance, September 8, 1900, in his annual message to Congress, in his inaugural address the following spring, he committed the administration to the general principle of reciprocity without quibble or equivocation and sought to bind the party to its support.

But the influence which had wrought in the Senate was working in the party. In spite of his immense personal popularity, in spite of the growing demand for broader foreign markets, upon which he based his argument, the president could not command the support of his followers upon this point. The party favored reciprocity, but it was not the reciprocity advocated by the president, which contemplated some sacrifice of protection for the sake of broader markets. It was rather, as stated in the Republican platform in 1900, reciprocity "so directed as to open our markets on favorable terms for *what we do not ourselves produce* in return for free foreign markets."

Thus matters stood until the summer of 1901, when the continued desire for the extension of foreign trade and the anxiety caused by the action of European governments, which were levying countervailing duties called the National Association of Manufacturers to a more serious consideration of the reciprocity problem. The result was a decision, on the 4th of September, to issue a call for a reciprocity convention "for the purpose of clear comprehension and expression of public sentiment." The next day President McKinley, in the famous Buffalo speech, stated in clear and unequivocal terms the real character and significance of the reciprocity movement to which the party had, in 1897, committed itself:

¹ Senator Mason, Fifty-seventh Congress, first session, *Congressional Record*, p. 626.

The period of exclusiveness is past. The expansion of our trade and commerce is the pressing problem. Commercial wars are unprofitable. A policy of good-will and friendly trade relations will prevent reprisals. Reciprocity treaties are in harmony with the spirit of the times; measures of retaliation are not. If perchance some of our tariffs are no longer needed for revenue or to encourage and protect our industries at home, why should they not be employed to extend and promote our markets abroad?

The president's speech was the signal for an immediate and widespread agitation. It inaugurated the second and final phase in the reciprocity struggle. For a time it appeared that no consensus of opinion was possible, but as the date for the meeting of the convention approached, it was evident that its pronouncement would be unequivocal in spirit, if not in words, and that its verdict would be final.¹

The convention met in Washington on November 19. At the opening session Temporary Chairman Tompkins woke the enthusiasm of the delegates and expressed the sentiment of the convention as a whole by a "rattling speech" in which he pronounced for the "maintenance unimpaired of the present tariff system with such reciprocity arrangements as would admit free to the markets of this country only such commodities as are not produced here."² This speech foreshadowed the final resolution of the convention, adopted almost unanimously.

That this convention recommends to Congress the maintenance of the principle of protection for the home market, and to open up by reciprocity opportunities for increased foreign trade by special modifications of the tariff in special cases, *only where it can be done without injury to any of our home interests of manufacturing, commerce, or farming.*

Any doubt as to the true interpretation of this resolution was set at rest by the comments of the press. In these resolutions, said the New York *Tribune*, "there is a complete repudiation of the work done by Reciprocity Commissioner John A. Kasson,

¹ "It is confidently predicted that the convention will define the attitude and expectations of the business interests of the nation on the reciprocity question so clearly that timid Congressmen cannot go astray when they assemble in Washington in December, and that there will no longer be cause for anybody to misunderstand the program, policies, and purposes by which the new Congress, overwhelmingly Republican in both branches, will be guided.—New York *Tribune*, November 13, 1901.

² *Ibid.*, November 20, 1901.

and an even plainer note warning the Senate no longer to consider the Kasson treaties now pending."¹ That this was the interpretation of Congress and the Republican party was soon evident. Reciprocity must be regarded as the handmaiden of protection, said President Roosevelt in his annual message, and while he called the attention of the Senate to the reciprocity treaties, he did not recommend their ratification. "We must have no reciprocity at the expense of protection,"² said Senator Foraker. And a member of the house, equally influential in the party, later in the session thus expressed his own sentiment and the party attitude, while at the same time furnishing a thoughtful commentary upon the resolution of the convention: "When," he said: "you can bring me a reciprocity proposition so framed that it will injure no industry, remove the protection enjoyed by none, and arouse no opposition on the part of those who manufacture the articles to which it relates, I will favor the scheme."³

Thus the net results of the two years' struggle were first, to change the meaning of reciprocity as defined by the Republican party so that it no longer implied a sacrifice of protection for the sake of broader markets, but, as in the act of 1890, denoted a policy by which an advantage might be gained abroad without any real concessions at home; and, secondly, to annihilate the general reciprocity movement.

Many weighty reasons might be assigned for the overthrow of the reciprocity movement so soon after it had been inaugurated with such "unanimity of sentiment." Not the least potent was undoubtedly the inevitable difference between a theory and a condition. Reciprocity as a mere theory roused many hopes and injured no one. Reciprocity embodied in a specific instrument guaranteed no immediate gains and threatened the profits of many. Some men, especially in the Senate, were weaned from the reciprocity ideas of 1897 by the scheme for a minimum and maximum tariff whose potency had been so thoroughly demonstrated by Germany and France. Moreover, as prosperity

¹*Ibid.*, November 21, 1901.

²*Washington Post*, November 20, 1901.

³*Journal of Commerce and Commercial Bulletin*, June 25, 1902.

increased, there was a general and growing disposition to let well enough alone. But beyond these grounds of opposition it is not altogether unreasonable to believe that another potent force was working. It is a significant fact that the overthrow of the reciprocity movement was concurrent with the practical establishment of the imperialistic policy. Imperialism, carried to its complete fruition, does away with the need for reciprocity. Imperialism, merely in its initial stages, points the way to free foreign markets without the strain of increased competition at home. Colonial dependencies whose markets are open to us alone, and whose soil furnishes us with products complementary to our own, solve the problem of broader markets, at least in theory. And, while it would without doubt be absurd to say that reciprocity was discredited because of the deliberate purpose to secure the immediate broadening of our markets by the imperial method, the coincident establishment of the one policy and overthrow of the other, the growing unwillingness to break down the protective system, and the repeated declarations in favor of a policy which should secure free markets for our products abroad, while admitting free at home only those goods which we do not produce—all these things lend color to the idea that the overthrow of the general reciprocity policy may be counted as due to the development of the imperialistic ideal.

The influence of imperialism upon the tariff, established in the Porto Rican struggle and carried forward in the overthrow of the reciprocity movement, advanced most decidedly in our dealings with the Philippines. This fact is the more significant because of the peculiar circumstances connected with our acquisition of the islands. By the treaty of Paris we had bound ourselves for a term of ten years to accord to Spain the same privileges in regard to trade in the Philippines which we ourselves enjoyed. Moreover, we had signalized our entry into the Orient by a most forcible enunciation of the open-door policy.¹ It followed that no monopolization of the Philippine trade

¹ President McKinley repeatedly declared the United States in favor of the open-door policy in the East, and Secretary Hay entered into diplomatic correspondence with foreign nations, as a result of which several of the leading European nations, in a measure, guaranteed the maintenance of the open door in the East.

through the erection of a higher tariff against a foreign nation than against ourselves was possible. Hence, also, the motive for discriminating against the industry of the islands by allowing American goods to enter their ports on better terms than we accorded to their products in our markets, was wanting.

Nevertheless, a discriminating tariff was quietly foisted upon the Philippines at the same time that a way was found through the tariff of favoring American as against foreign products. This discrimination against colonial products, the suggestion of which had in the Porto Rican debate been definitely set aside by the Republican party, was accepted apparently as a matter of course, and no protest was raised against the evasion of treaty obligations or the violation of the open-door principle.

The history of this imperialistic coup can be briefly told. After the cession of the Philippines to the United States, the Dingley rates were as before collected on their imports into this country. In the islands the old Spanish tariff, modified from time to time by the War Department, continued in force. A desire was, however, soon manifested for revision in the interests of American producers. This was expressed by General Otis, who, in a letter dated April 14, 1900, said :

I desire to say that a reduction in tariff rates on such products as are extensively imported from the United States would be beneficial to the business interests of the country and to the Philippine people, but those products which Europe produces to a very large extent would reduce our revenue and give no compensating advantages. . . . Foreign merchants here would import in Spanish vessels by way of Barcelona and other ports of Spain. . . . Hence, Europe would reap the advantage of our trade.¹

In response to this feeling an order was issued June 19, 1900, directing a general revision of the tariff by a board of army officers. On July 13 this board entered on its task at Manila. Hearings were held, and after diligent work the results were turned over to the newly appointed Philippine commission. Until December 29, 1900, the commission continued the labor of revision, when the combined results of the efforts of board and commission were forwarded to the War Department at

¹ "Correspondence Relating to the Philippine Customs Tariff," Fifty-seventh Congress, first session, *Senate Document 171*, p. 18.

Washington. Here the schedules were printed and sent to business interests throughout the country with a request for suggestions and recommendations. In other words, the special industries interested actually or prospectively in finding a market for their products in the Philippines were invited to assist in framing a tariff against their goods.

The correspondence which resulted is exceedingly interesting from the standpoint of the influence of imperialism upon the tariff. There was an almost universal demand on the part of the special industries concerned for lower rates in the interest of the American producer. There was an entire absence of consideration for the effect upon the producers in the Philippines. Moreover, from more than one industry came the demand, in spite of the treaty with Spain and the obligations imposed by the open-door policy, that the schedule should be so constructed as to favor the American as against the foreign producer in the Philippine market. Such discrimination, it was pointed out, could be effected by means of special descriptions of goods without resorting to preferential rates. For example, it was suggested that, as American manufacturers do not size or weight their cotton goods, which is the custom with foreign manufacturers, American goods could be favored by assessing the rate of duty by weight without removing the weighting materials;¹ and, again, that, as Californian wines contain less than 12 per cent. alcohol, the duty on such grades might be lowered, thus giving an advantage in favor of California wines as a partial offset to the prestige already enjoyed by Spanish wines in the Philippines.² Thus for three months and a half the suggestions of the special interests were heard. Then the schedules were carefully revised, and returned to Manila, where they were again considered by the commission, and finally promulgated September 17 to take effect November 15, 1901.

The tariff law thus foisted upon the Philippines by the American producers effected a tremendous discrimination against the products of the islands. While the commission tariff levied

¹ Fifty-seventh Congress, first session, *Senate Document 171*.

² *Ibid.*

duties varying from 15 to 30 per cent.¹ on American goods shipped into the islands, the full Dingley rates were collected on Philippine products coming into the United States. Nor was this the full extent of discrimination, for on hemp, indigo, rice, sugar, cocoanuts, and tobacco—chief products of the islands—there was levied in addition an export tax. This discrimination can be accounted for only on the supposition that the Taft commission did not expect the Dingley rates to be continued against the islands.

But such discrimination against the Philippines was by no means the most significant feature of the commission tariff. Through descriptions of goods, devised so as to favor American products, it also discriminated against the foreign producer. Nor is it possible to find any legitimate excuse for this violation of treaty obligations and avowed policy. Indeed, the correspondence between the officials at Washington and the American producers concerning the tariff reveals the somewhat remarkable fact that high government officials were engaged with the producers in a deliberate attempt to effect this discrimination. This statement is perhaps sufficiently proved by the following letters which were written shortly after the tariff had been promulgated by the commission:²

CROWN DISTILLERIES CO.,

SAN FRANCISCO, CALIF., September 30, 1901.

*Clarence R. Edwards, Lieutenant-Colonel Forty-Seventh Infantry, U. S. V.,
Chief of Division of Insular Affairs, Washington, D. C.*

DEAR SIR: I permit myself the pleasure of expressing not only my personal thanks, but those of the trade in which I am concerned and interested, for the patriotic impulse which prompted the consideration manifestly given the American export interests in the framing of the Philippine tariff. It is a matter of general recognition that our officials in their desire to prefer American interests have been hampered by the treaty of Spain, but all admit

¹ Statement by Governor Taft before the Philippine committee, *Hearings before the Committee on the Philippines in Relation to Affairs in the Philippine Islands*, Fifty-seventh Congress, first session, p. 153.

² "Correspondence Relating to the Philippines Customs Tariff," Fifty-seventh Congress, first session, *Senate Document 171*, pp. 260, 261.

that as the tariff is now framed, a decided advantage has been gained and will be realized.

I have the honor to remain,

Yours very truly,

(Signed) E. R. LILIENTHAL.

To this letter Colonel Edwards replied as follows:

WAR DEPARTMENT, OFFICE OF THE SECRETARY,
DIVISION OF INSULAR AFFAIRS,
WASHINGTON, D. C., October 14, 1901.

SIR: I have the honor to acknowledge the receipt of your letter of September 30 expressing your satisfaction with the consideration given American export interests in the new Philippine tariff. To receive such recognition of effort made from those interested cannot be otherwise than gratifying to those who have participated in the framing of the tariff.

Very respectfully,

(Signed) CLARENCE R. EDWARDS,
Chief of Division.

MR. E. R. LILIENTHAL.

This collusion, moreover, was not confined to the isolated instance here exposed. In several cases discriminations openly suggested by producers in correspondence with the Washington officials were incorporated into the tariff as promulgated by the commission. Moreover, after the meeting with Congress, Colonel Edwards assured the Republican members of the Ways and Means Committee of the "care taken by the Department to adjust the tariff rate to the interested industries." "While no different duty in favor of American products is openly mentioned," he said, "The articles were so described in the tariff as to allow an advantage to American goods." "This was particularly true of canned goods which had a decided advantage over foreign canned goods."¹

It remained to see whether Congress would sanction this double method of discrimination. The question was soon brought to an issue. On December 2 the Supreme Court rendered a decision in the "fourteen diamond rings case," which by declaring the Philippines domestic territory, rendered the Dingley tariff non-effective against the goods coming from the islands. Congress was at once roused to action, for, with no

¹ *Washington Post*, December 11, 1901.

tariff on Philippine goods, it was feared that sugar and tobacco would be shipped in to the detriment of American producers. In this emergency a bill was at once drafted by Mr. Lodge and on December 4 introduced in the Senate. On the 10th, Mr. Payne introduced a bill in the House, which was referred to the Ways and Means Committee. Three days later the committee reported as a substitute for the Payne bill a measure essentially modeled upon that proposed in the upper House. This bill was referred at once to the Committee of the Whole House, was taken up on the 17th, debated two days, and passed.

The bill thus hastily pushed through the House aimed to restore and legalize the conditions existing prior to the Supreme Court decision. That is to say, it gave to the commission tariff legislative sanction and restored the Dingley rates on imports from the Philippines. Furthermore, because the court decision had made the navigation laws applicable to the Philippines, and because, through a lack of American shipping in the archipelago, the entire suspension of trade was threatened, the bill contained the provision that, until otherwise provided by law, the navigation laws should not be applicable to the Philippine trade. The significance of this hasty action lies in the fact that it showed the lower house to be acquiescent in the purpose to discriminate against the colonies by means of the tariff, unopposed to the use of the tariff as a means of monopolizing the colonial markets for the home producer, and favorable to the monopolization as soon as possible of the profits of the colonial carrying trade.

As in the Porto Rican struggle, the rash action of the House call forth protest. But the comparatively mild nature of this protest indicated how soon the nation had become callous to colonial oppression and how easily the reconciliation of imperialism and protectionism was being accomplished. However, influence toward moderation was brought to bear from an unexpected quarter. On the same day that the House passed the tariff bill it was reported that the Philippine commission had recommended the reduction of at least 50 per cent. of the Dingley rates on imports from the Philippines. This action of the

commission did not pass unheeded in the Senate. But the Committee on the Philippines could not bring itself to comply fully with the desires of the commission. It conceded a 25 per cent. reduction of the Dingley rates, remitted the exports duties on goods shipped to the United States, and, with a few minor amendments, reported the House bill to the Senate on January 19.

Thus amended, the measure had the support of the party. It was in vain that Governor Taft reiterated his recommendation for a reduction of at least 50 per cent., supplementing this recommendation with the assurance that "we want all [the reduction] we can get."¹ The Senate willingly acquiesced in minor changes, tending to increase the degree of discrimination against foreign products,² and, as in the Porto Rican law, provided that all collections on Philippine goods in the United States should be devoted to the uses of the islands. But it stood firm against any further reduction of the Dingley rates. Thus modified, the bill was still a measure of oppression, for the rates levied by it on Philippine exports in the United States were still, in general, much above those of the commission tariff laid on products imported into the islands. The Senate, however, passed the bill with its main provisions unaltered. The House acquiesced in the essentials amendments of the Senate, and the measure became a law March 8, 1902. Thus Congress sanctioned the work of the Philippine commission and drew more clearly the outlines of the imperial tariff.

This résumé of the recent tariff movement³ amply confirms the inference, drawn from the condition of affairs in Europe, that

¹*Hearings before the Committee on the Philippines in Relation to Affairs in the Philippine Islands.* Fifty-seventh Congress, first session, p. 153.

²The navigation laws were to go into effect July 1, 1904. In the meantime foreign vessels coming into the United States from the Philippines were to pay tonnage taxes. "These taxes," said Mr. Lodge, "are intended to give the United States vessels an advantage, and throw the trade into their hands." Fifty-seventh Congress, first session, *Congressional Record*, p. 830. The remission of the export duties on shipments to the United States also indirectly discriminated against foreign trade with the islands.

³The Cuban debate was merely a special phase of the reciprocity movement. It throws no new light on the subject under consideration.

the past four years have witnessed, not a struggle for supremacy as between imperialism and the protective tariff, but their progressive reconciliation. It shows, moreover, that this reconciliation has proceeded along the only possible line that could completely obliterate the incongruities of these two policies. In brief, the tariff has been undergoing a transformation into an instrument for the exploit of colonial dependencies. The steps in such a transformation can now be distinctly traced. First, in the Porto Rican struggle the *right* to use the tariff as a means, not merely of protection, but of colonial exploit, was asserted. This assertion, was accompanied, to be sure, with protestations of disinterested philanthropy, but its real significance was unmistakable. Secondly, the idea that the tariff was a mere instrument of protection, to be gradually superseded, was discredited by the sudden and complete overthrow of the reciprocity movement. And though a genuine fear undoubtedly supplied the strongest motive behind the opposition to reciprocity, still the whole transaction indicated that those who had clamored loudest for broader markets were becoming at least dimly conscious of the fact that there was a way of getting these foreign markets through the tariff without jeopardizing the markets at home by reciprocal concessions. Thirdly, the right to use the tariff as a means for trade discrimination against colonial possessions was exercised in the law of the Philippine commission. That this actual exercise of the discriminating right hardly stirred a flutter of opposition showed how thoroughly imperial tariff ideas had been assimilated. Lastly, in the revision of the Philippine tariff by American producers, the discrimination having already been established against the islands in trade with the mother country, the tariff was used as a means of preventing trade between the colony and foreign nations.

The significance of these four transactions cannot be overestimated. Taken together with other strands in our colonial policy, they laid the foundation for a system no whit removed in principle from that which brought down anathemas upon the old Spanish empire. We have hampered the development of our dependencies by forcing upon them our immigration laws. We

have indicated our purpose to monopolize their carrying trade by means of our navigation laws. We have established the principle and begun the practice of tariff discrimination against them. We have taken steps toward the monopolization of their commerce. It needs but the development of this practice to erect complete the old colonial system of oppression.

We cannot dispose of this matter by an appeal to the love of liberty and justice imbedded in the American social constitution. It is not necessary to postulate sinister designs on the part of our legislators or the dominant party in order to account for the results thus far, or to justify a gloomy view of the future. These conditions which have been established were not the result of deliberate design. They were the inevitable outcome of the conditions. It is in this fact that the danger lies. These conditions sprang naturally, not from the collusion, but from the clash, of selfish interests. Congress faced, before the acquisition of the islands, two determined factions. On the one hand were the exporting industries demanding government action to secure concessions for their products in markets abroad. On the other stood the protected interests clamoring against concession to foreign goods at home. So long as we possessed no subject territory, the logical result was high protection and reciprocity—a measure of concession to both parties. But the moment that we came into possession of subject territory, a new condition was created. The logical result now was free entry of our goods into the subject territory to satisfy the first faction and a tariff against the goods of the dependency to satisfy the second; in other words, the transformation of the tariff into an instrument of imperialistic exploit.

Given the conditions, this result was inevitable. To be sure, this process has not as yet gone far in practice. But the great danger is that what has thus far resulted from a blind struggle of opposing interests, mainly for self-protection, may be carried forward by design. This blind struggle has shown the importing and protected industries how to reconcile their interests to their mutual advantage. They have only to unite on imperialism and the tariff to secure at once cheap raw materials and exclusive

markets, while retaining the coveted monopoly of the home market. Sooner or later, imperial conquest, with such advantages, is bound to result in the dream of the self-sufficing economic unit, within which, by means of a tariff about the whole empire, unlimited markets can be had without a life-and-death struggle with well-equipped competitors. With the cherishing of this dream, what at first resulted from the blind struggle of opposing interests becomes a conscious object of pursuit. This explains the frequent concurrence in the world's history of the high protective tariff and imperialism. This explains also the struggle now going on in Europe between Germany, Russia, Italy, and France for the control of the remote corners of the earth. It is toward this fatal maelstrom that we have been drifting.

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